

## STATEMENT OF PURPOSE

### RS22475C1

This bill increases financial transparency and reports more meaningful salary and benefit information to taxpayers. Section 1 amends the statute to require audits be posted on the government entities website. Section 2(e) requires every account, holding government funds, to be audited every two years or the entity shall establish written policies for management controls and internal oversight. The bill requires the entity to identify and provide to the auditor a list of all accounts holding public funds and, if policies for internal controls have not been adopted, then some of the accounts must be audited. Beginning in 2015 and every other year thereafter, each audit shall report whether the entity has established a system of written internal controls. If an entity does not comply with establishing a system of internal controls, or reporting average wage, health, and retirements costs per FTP, the entity shall not receive any public funds from the Idaho State Tax Commission, city or county revenues.

Section 2(f) of this act establishes additional reporting requirements that can be reported on the entity website; and if not reported there, then within the audit. The aggregate and average salary, FTP, benefit costs and retirement costs, as well as accrued but unpaid benefits, must be reported either on the website or within the audit. Audit reports are to be self contained, which includes any comments on significant deficiencies or material weaknesses. The bill requires the reporting of more transparent cost statistics for average salary, medical benefits, and retirement benefit costs per FTP.

### FISCAL NOTE

There is no impact to the general fund. The fiscal impacts to agencies and local government will vary based upon their existing level of management controls and financial tracking and reporting of employee expenses. The cost of expanded audit services can be avoided by the adoption of written policies on internal fund management and dual controls on accounts and the reporting of wage and benefit costs on the agency website. In lieu of such policies; more expansive audits and, after two years, a loss of all revenue from the tax commission, county and city government results from noncompliance. Costs may also vary by the level of information each agency presently tracks or reports on employee health insurance and retirement costs. Initial setup costs for each agency may be encountered if the agency has not identified all taxpayer accounts, has no management controls and has not tracked or reported benefit and retirement costs. After implementation, the annual marginal cost of reporting is small or negligible and will vary by the size and existing cost tracking for each entity of government.

#### Contact:

Representative Ed Morse  
(208) 332-1000